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CIRM Contact: Nicole Pagano
(415) 396-9100
Michelle Vega
(916) 442-2331

GOVERNOR SCHWARZENEGGER DIRECTS \$150 MILLION LOAN TO CALIFORNIA'S STEM CELL AGENCY

San Francisco, CA, July 20, 2006- In the wake of the President's veto yesterday of the federal Stem Cell Research Enhancement Act (HR 810), California is once again proving its national leadership in stem cell research.

Governor Arnold Schwarzenegger is directing the California Department of Finance to move forward today on a \$150 million loan to the California Institute of Regenerative Medicine (CIRM), in accordance with Section 125291.60 of the California Stem Cell Research and Cures Act (Proposition 71).

"Governor Schwarzenegger continues to be a tireless supporter of stem cell science," said Robert Klein, Chairman of the Independent Citizens' Oversight Committee for the California Institute for Regenerative Medicine (CIRM). "He personally wrote to the President this week to urge him to sign HR 810, and he believes in honoring the public mandate to pursue this research as expeditiously and responsibly as possible."

"This bold action by Governor Schwarzenegger gives a tremendous boost to stem cell research in California, allowing CIRM to move immediately into a major program of research in California for the benefit of patients worldwide. We will now be able to get to work in earnest on this exciting new frontier and join our colleagues in other states and countries to move the field forward," said Zach Hall, Ph.D., President of the CIRM.

The California Stem Cell Research and Cures Finance Committee met publicly in 2005 and 2006 and approved up to \$200 million in authorized bonds to support CIRM until it can sell the first \$200 million of \$3 billion in Proposition 71 authorized bonds. CIRM will be able to access its Proposition 71 bonds, at favorable interest rates, once the favorable trial court decision issued in April 2006 by Judge Bonnie Lewman Sabraw in Alameda County Superior Court, upholding the constitutionality of Proposition 71, is confirmed after appeals.

Proposition 71 bonds will be used to pay back, with interest, this new \$150 million loan.

"In order to best serve patients, we will still need to work together with lawmakers and scientists at the state and national levels to move stem cell research forward," said Klein. "But with this important infusion of state funds for stem cell research, we are again demonstrating that our state will provide hope to patients everywhere. California's program is the leading effort in the world in this most promising area of medical science: stem cell research."

Background

Excerpt from the California Stem Cell Research and Cures Act authorizing section

125291.60: The Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts, not to exceed the amount of the unsold bonds that have been authorized by the committee, to be sold for the purpose of carrying out this article. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this article.

About CIRM

Governed by the ICOC, CIRM was established in 2004 with the passage of Proposition 71, the California Stem Cell Research and Cures Initiative. The statewide ballot measure, which provided \$3 billion in funding for stem cell research at California universities and research institutions, was approved by California voters, and called for the establishment of an entity to make grants and provide loans for stem cell research, research facilities, and other vital research opportunities. For more information, please visit www.cirm.ca.gov.